ALTS
ASSOCIATION FOR LOCAL TELECOMMUNICATIONS SERVICES

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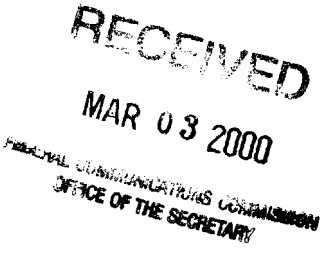
Jonathan Askin
General Counsel

March 3, 2000



Magalie Roman Salas
Secretary
Federal Communications Commission
445 Twelfth Street, S.W.
Washington, D.C. 20554

Re: In the Matter of Applications of Ameritech Corp., Transferor, and SBC Communications, Inc., Transferee, for Consent to Transfer Control of Corporations Holding Commission Licenses and Lines Pursuant to Sections 214 and 310(d) of the Communications Act and Parts 5, 22, 24, 25, 63, 90, 95, and 101 of the Commission's Rules CC Docket No. 98-141, ASD File No. 99-49

Dear Ms. Salas:

Please find attached an original and four copies of the Comments of the Association for Local Telecommunications Services with regard to SBC's request for a waiver of merger conditions in the above-referenced proceeding.

Sincerely,

Jonathan Askin

cc: Attached Service List

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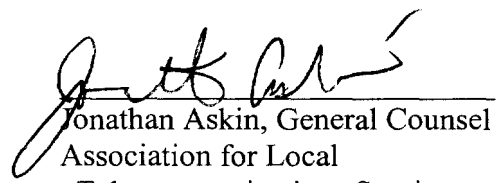
CERTIFICATE OF SERVICE

I, Jonathan Askin, do hereby certify that on this 3rd day of March, 2000, copies of the foregoing Comments of the Association for Local Telecommunications Services were served via first class mail, postage prepaid, or by hand delivery to the parties listed below.



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Before the
FEDERAL COMMUNICATIONS COMMISSION
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for Consent to Transfer Control of Corporations	)	
Holding Commission Licenses and Lines Pursuant	)	ASD File No. 99-49
to Sections 214 and 310(d) of the Communications	)	
Act and Parts 5, 22, 24, 25, 63, 90, 95, and 101 of	)	
the Commission's Rules	)	

COMMENTS OF THE ASSOCIATION FOR LOCAL TELECOMMUNICATIONS SERVICES

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Dated: March 3, 2000

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COMMENTS OF THE
ASSOCIATION FOR LOCAL TELECOMMUNICATIONS SERVICES

The Association for Local Telecommunications Services ("ALTS"), by it attorneys, submits these comments in response to the recent proposal by SBC Communications, Inc. ("SBC")[1] for waivers of the Merger Conditions[2] in order to implement a new "Digital Loop Electronics," or "DLE" network architecture, in connection with what SBC calls "Project Pronto."

ALTS members are eager to compete with SBC directly in both the voice and data telecommunications markets, but the DLE network proposal presents competitive local exchange carriers ("CLECs") with a Hobson's choice. Under SBC's unilateral network design, the *only* effective way CLECs can provide digital subscriber line ("DSL") and other advanced services is by using SBC's fiber-based facilities, thereby restricting competition to the technologies and services selected by SBC itself. Further, Project Pronto will impede, and possibly preclude, CLEC voice providers from reaching existing and future customers. A waiver of the Merger Conditions is unfortunately required in order to guarantee that data CLECs will not be foreclosed in this manner from the local voice and advanced services market in Project Pronto areas. Accordingly, ALTS urges the Commission to grant SBC as narrow waiver relief as possible under this request and, most importantly, to ensure customer choice and true opportunities for facilities-based competition by expressly requiring SBC to comply with all federal unbundling and interconnection obligations for competitive carriers, whatever their services, in the rollout of this unprecedented network reconfiguration.

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[1] Letter from Paul K. Mancini, Vice President and Assistant General Counsel, SBC, to Lawrence E. Strickling, Chief of the Common Carrier Bureau, FCC (Feb. 15, 2000) ("SBC Proposal").

[2] CC Docket No. 98-141, Memorandum Opinion and Order, FCC 99-279, Appendix C (rel. Oct. 8, 1999) ("*SBC Merger Order*" and "Merger Conditions," respectively).

In addition, ALTS respectfully requests that the Commission initiate a separate public proceeding to audit and evaluate SBC's present and continuing interconnection and unbundling practices. Within this investigation, the Commission should convene a public forum to discuss the concerns addressed here and to determine equitable means of resolving the complex and significant issues raised by the SBC proposal. These efforts are a necessary exercise of the Commission's supervisory powers, given SBC's apparent disregard for Commission rules as it pursues Project Pronto. Moreover, as recent meetings with SBC indicate, SBC's proposed terms for CLEC interconnection to the DLE network have substantially changed since its initial filing, making the proposal a "moving target" that warrants further review and input. The crucial competitive concerns posed in the SBC proposal, which reach far beyond the simple ownership question posed by SBC, deserve closer Commission scrutiny than will be possible within the limited context of this proceeding.

INTRODUCTION

Although ALTS remains in favor of any efforts to make the local network more efficient for advanced services, it is concerned that SBC is seeking to dictate unilaterally the architecture and technology of the local network via Project Pronto, severely curtailing customer choice in both voice and advanced services. Essentially, SBC has presented the Commission, as well as every CLEC, with a "Catch 22": SBC has already begun construction of this new fiber network architecture, requiring CLECs to acquiesce to the DLE architecture and choose whether SBC, an incumbent local exchange carrier ("ILEC") bound by the unbundling obligations of the Telecommunications Act of 1996,[3] or its affiliate, which has no such obligations, should own and control key components of the new network. Strikingly, under SBC's proposal, CLECs will be unable to obtain the unbundled copper loops necessary for DSL services in Project Pronto areas, and thus will only be able to offer ADSL (Asynchronous DSL) services over the DLE network,[4] precluding a wide range of competitive DSL services such as SDSL, HDSL, IDSL and VDSL. Clear FCC rules prohibit SBC from limiting the deployment of technology in this way, whether directly by open defiance or indirectly by making network upgrades.[5]

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[3] Pub. L. No. 104-104, 110 Stat. 56 (1996), codified at 47 U.S.C. §§ 151 *et seq.* (West Supp. 1998).

[4] SBC indicates that CLECs, and not SBC, will be restricted to providing ADSL services at a rate of 1.5 Mbps downstream and 384 Kbps upstream – speeds far beneath the capacity of common ADSL technology. SBC Proposal, Appendix DLE-DSL § 8.8.

[5] *Deployment of Wireline Services Offering Advanced Telecommunications Capability*, CC Docket No. 98-147, First Report and Order and Further Notice of Proposed Rulemaking, FCC 99-48 ¶ 63 (rel. Mar. 31, 1999) ("*Advanced Services First Report and Order*").

The SBC proposal affects not only DSL providers, but all CLECs that must interconnect with SBC's network. Project Pronto will significantly change the current local network architecture, adding a projected 20,000 new remote terminals ("RTs") throughout SBC's 13-state region.[6] Although the SBC proposal relates specifically to the provision of ADSL services, the Commission should remain aware that installation of remote terminals for purposes of terminating extended fiber affects any carrier's ability to reach consumers. Thus, while ALTS grudgingly supports one of the requested waivers as the only way to ensure competition in advanced services,[7] it urges the Commission to consider seriously the unfortunate — indeed, anticompetitive — situation that Project Pronto creates and to fashion its relief accordingly. The FCC should grant as narrow relief to SBC as possible and ensure that the nondiscrimination principles of Section 252, as well as the several Commission Orders governing unbundling and remote collocation, are enforced with respect to SBC's proposed network architecture.

BACKGROUND

On October 6, 1999, the Commission approved the merger of SBC with Ameritech Corporation, forming the largest ILEC in the United States. Appended to its Order approving the merger, the Commission issued several Merger Conditions to govern SBC's continued provision of services, focusing mainly on the provision of advanced services, such as DSL services. The Merger Conditions require SBC to form separate affiliates for the provision of advanced services[8] and to vest all ownership in newly-installed advanced services equipment with the affiliates.[9] According to these requirements, the SBC parent company may not own or control any equipment used exclusively for the provision of advanced services that is installed 30 days or more after the Merger Closing Date.

On February 15, 2000, SBC submitted a proposal for "expedited resolution" of issues related to Project Pronto and its new DLE network architecture.[10] Specifically, the SBC proposal explained that Project Pronto necessitates the addition of two key components to its network: the Optical Concentration Device ("OCD") and a combination line plug/card ("line card") that will assist in the advanced services provisioning of SBC's affiliate.[11] In accordance with what it terms an "ambitious initiative to speed the deployment of advanced services," SBC now

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[6] SBC Proposal at 2.

[7] The waiver requests sought in this case will likely have an impact on other ILECs, notably Bell Atlantic-New York, which voluntarily committed to paragraphs 1-15 of SBC's Merger Conditions as a condition to receiving Section 271 interLATA relief.

[8] *SBC Merger Order*, Merger Conditions ¶¶ 1-14.

[9] *Id.* ¶ 3(d).

[10] SBC Proposal at 1.

[11] *Id.*

seeks Commission approval of its scheme to vest ownership and control of these new network components with the SBC parent company such that "[t]he incumbent LEC may use such equipment . . . in the provision of UNEs to all CLECs."[12]

In order for the SBC parent to own and control the OCD component, which is an element used only for advanced services, SBC requires a waiver of the Merger Conditions requirement that its affiliate own all such equipment.[13] SBC has chosen to seek this waiver due to the negative reactions of some DSL providers regarding affiliate ownership of key OCD equipment.[14] In requesting this waiver, SBC maintains that parent ownership of OCDs "is consistent with the Merger Conditions and Commission orders"[15] and "respectfully request[s] resolution of these two important issues within a matter of days."[16]

I. THE COMMISSION, NOT SBC, IS THE ARBITER OF THE COMPETITIVE PROVISION OF THE LOCAL TELECOMMUNICATIONS NETWORK

SBC's proposal presents a radical change in network architecture for 13 states — the largest ILEC region in the country. By its very finality, this proposal seems to indicate that SBC intends to build and administer this new architecture according to its own business needs, leaving the unbundling mandates of the 1996 Act as a secondary matter. The 1996 Act, however, no longer permits ILECs to control the local network in this unilateral manner. Rather, Congress's clear mandate in Sections 251 and 252 of the 1996 Act[17] is that the local network must be open to competitive access for all telecommunications carriers and that the FCC is empowered to make rules and issue decisions to guide its fair administration in a competitive environment. Thus, the Commission has the power not only to authorize the proposal, as SBC carefully points out,[18] but it may deny or amend the proposal as well. The Commission should focus on these principles in reviewing the SBC proposal to ensure that the local network remains open to competition, not only for DSL providers, but for all CLECs.

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[12] SBC Proposal at 4.

[13] Line cards, which may be used for both voice and advanced services, remain in the parent company's control under the Merger Conditions because they are not used solely for advanced services. *See SBC Merger Order*, Merger Conditions ¶ 3(d); SBC Proposal at 4.

[14] SBC Proposal at 5.

[15] SBC Proposal at 6.

[16] SBC Proposal at 6.

[17] 47 U.S.C. §§ 251-252.

[18] SBC Proposal at 1, 6.

A. SBC Cannot Strip the FCC of the Authority to Ensure That All Competitive Telecommunications Providers Can Effectively Interconnect with the Local Network

Congress enacted the 1996 Act "to shift monopoly markets to competition as quickly as possible,"[19] stating expressly that "[t]he interconnection requirement in section [251(a)(2)] is a cornerstone principle of common carriage, and it is restated here in light of its importance and relevance as the local telephone industry undergoes the transition to a competitive market."[20] To ensure that CLEC-ILEC interconnection, and thus competition, is possible, Congress granted the FCC plenary authority to "complete all actions necessary to establish regulations to implement the requirements" of Section 251.[21] The Supreme Court has affirmed the Commission's authority to implement these requirements.[22]

The Commission is not divested of this authority simply because SBC has made a unilateral decision to reconfigure its network. To the contrary, it is crucial at this time that the FCC continue to protect and further competition in the midst of SBC's Project Pronto initiative. Indeed, the Commission was careful to ensure SBC's continued post-merger compliance with all federal unbundling and interconnection requirements,[23] as well as requiring out-of-region deployment of telecommunications services to ensure further competition in local markets.[24] These conditions, which were hard-won and hard-fought by the Commission, are crucial to competition for all local telecommunications services. SBC's latest proposal cannot and must not erase these obligations.

ALTS urges the Commission to reaffirm and apply SBC's federal obligations to the SBC proposal, stating explicitly that SBC has received no waiver of existing FCC rules for administering the DLE network and must provide nondiscriminatory access to unbundled network elements ("UNEs") and interconnection within this architecture.

B. SBC Cannot Evade Federal UNE and Collocation Obligations by Deploying a Closed Network Architecture and Unilaterally Prescribing Network Technology

There are two aspects of SBC's DLE architecture and Project Pronto. The first, which ALTS welcomes, is the introduction of ILEC-based DSL services into more geographic regions, thus increasing competition with established DSL services first provided by ALTS members. The second, which raises serious, long-term competitive concerns, is that by pushing fiber facilities closer to the edge of its local network, SBC has selected a

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[19] H. R. Rep. No. 104-204, 104th Cong., 2d Sess. at 89.
[20] H. R. Rep. No. 104-204, 104th Cong., 2d Sess. at 71.
[21] 47 U.S.C. § 251(d)(1).
[22] *Iowa Utils. Bd. v. FCC*, 119 S. Ct. 721, 730 (1999).
[23] *SBC Merger Order* ¶¶ 377-397; Merger Conditions at 1, ¶¶ 15-21.

network architecture for Project Pronto that reduces competitive options, eliminates the opportunity for facilities-based competition in advanced services, and reduces consumer choice.

The SBC proposal appears to be a *fait accompli*: SBC has devised and begun implementing Project Pronto with particular Alcatel technology,[25] an initiative that is non-negotiable and already underway. In beginning this network rollout, and installing unilaterally-chosen Alcatel technology, SBC has effectively chosen a single advanced services technology that must be used *by all carriers* on its local network. Under the SBC approach, all CLECs that wish to reach SBC customers served via DLE architecture must use Alcatel Litespan 2000 technology, which may be compatible only with ADSL services,[26] according to SBC's deployment rules. This proposal not only presents serious competitive issues, but directly violates Commission rules governing deployment of advanced services.[27]

Every CLEC operating in SBC's 13-state region is affected and potentially harmed by this proposal. According to the draft network diagram provided in the SBC proposal,[28] even CLEC voice traffic will be routed via OC-3 transport through one of the thousands of SBC's new RTs and carried over the DLE network. No alternate path appears to be possible. Further, the diagram indicates that voice CLECs that choose to erect and control their own RTs may be disadvantaged, in that OC-3 connectivity between the central office and the RT will not be as readily available for those CLECs as it is for SBC.[29] If this disparity is actually SBC's intent in Project Pronto, the Commission should immediately conclude that this conduct is anticompetitive and unacceptable under the nondiscrimination mandates of Section 251 and 252.

Regarding advanced services, the SBC proposal also severely limits the type and speed of DSL services that CLECs may provide to their customers. Appendix DLE-DSL flatly states that only ADSL-compatible Alcatel 2000 technology will be deployed in the network, thus excluding all other types of DSL services,[30] including IDSL services that can serve customers that do not have copper connectivity to their home. In addition, SBC will limit CLEC ADSL services to a speed of 1.5 Mbps downstream (toward the end user), and 384 Kpbs upstream.[31] These

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[24] *SBC Merger Order* ¶¶ 398-399; Merger Conditions ¶ 59.

[25] Section 2.6 of Appendix DLE-DSL of the SBC Proposal states that "[t]he SBC ILECs have chosen the Alcatel 2000 DLC system for deployment."

[26] SBC Proposal, Appendix DLE-DSL § 3.4.

[27] *See* Section II.C., *infra*.

[28] SBC Proposal, "CLEC Access to Line Shared Data Subloop or Copper Subloop – Working Draft."

[29] The materials provided by SBC at its recent meeting with CLECs are also silent regarding the transport it will provide to CLEC-owned RTs. *See attached* "Project Pronto Product Overview" at 10 (Mar. 1, 2000).

[30] SBC Proposal, Appendix DLE-DSL § 3.4.

[31] *Id.* § 8.8.

restrictions are a *prima facie* violation of clear Commission rules requiring open technological standards for advanced services.

The FCC has twice held that ILECs cannot limit the technology that CLECs deploy in the local network. In the *Advanced Services First Report and Order*, the Commission concluded that "LECs should not unilaterally determine what technologies LECs, both competitive LECs and incumbent LECs, may deploy."[32] The FCC reiterated this conclusion in its recent *Line Sharing Order*,[33] finding that unilateral imposition of advanced services technical standards has "undermined the deployment of the technology to provide competitive deployment of xDSL services, contrary to Congress's goals in Section 706 of the 1996 Act."[34] The law is therefore settled that ILECs may not limit the types of technology deployed on the network, making the pronouncements contained in the SBC Proposal unlawful on their face.

Thus, SBC places the Commission in the awkward position of having to authorize an inherently restrictive network deployment proposal and, moreover, to grant regulatory relief that will assist in its implementation. The Commission should examine whether alternative technologies or architectures will remedy this situation, or whether SBC should be permitted to continue with Project Pronto in the first instance. Given the potential discrimination and severe limitation of services that Project Pronto causes, the FCC should, in accordance with its clear authority under the 1996 Act, consider whether acceptance of the SBC Proposal lies in the public interest. If the proposal cannot be squared with prevailing law and principles of fair competition, the Commission should require SBC to amend its proposal to ensure competition in advanced services and greater consumer choice.

C. SBC's DLE Architecture and Waiver Proposal Suggest Serious Violations of Existing FCC Orders

In addition to the unilateral technological restrictions contained in the SBC proposal, several statements by SBC indicate a reluctance to comply with existing Commission rules governing collocation, loop and subloop provisioning, and access to loop information.[35] The FCC's rules on these issues bind all ILECs and, as explicitly

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[32] *Advanced Services First Report and Order* ¶ 63.

[33] *Deployment of Advanced Wireline Services Offering Advanced Telecommunications Capability*, CC Docket No. 98-147, Third Report and Order, FCC 99-355 (rel. Dec. 9, 1999) ("*Line Sharing Order*") (declaring line sharing to be a UNE and adopting guidelines to ensure competitive deployment of xDSL services).

[34] *Line Sharing Order* ¶ 179.

[35] The SBC proposal also violates the unbundling and interconnection requirements included in the Texas Public Utility Commission decision in the SBC/Rhythms-Covad arbitration, issued February 2, 2000. *Petition of Rhythms Links Inc. for Arbitration to Establish An Interconnection Agreement with Southwestern Bell Telephone Company*, Dockets No. 20226 et al., Decision (Feb. 2, 2000), revised Feb. 9, 2000.

stated in the *SBC Merger Order*,[36] apply to SBC regardless of any FCC action taken specifically with respect to its merger. Thus, it is troubling that SBC seems to disregard several FCC rules in the context of Project Pronto.

First, the Commission's rules are unmistakably clear that ILECs must permit collocation in "all buildings or similar structures owned or leased by the incumbent LEC that house LEC network facilities."[37] This requirement perforce includes RTs. The SBC proposal, however, emphasizes "the physical space limitations of RTs" that will preclude collocation for all but a few CLECs.[38] The proposal further indicates that a significant portion of its projected 20,000 new RTs will be cabinets having "little or no excess space."[39] Though SBC acknowledges generally that it must comply with federal collocation obligations,[40] the proposal is clear that Project Pronto will not accommodate collocation in a commercially meaningful way. SBC has apparently, by implementing Project Pronto, substantially relieved itself of collocation obligations by deploying increasingly small RTs. The Commission should not permit SBC to evade its obligations in this manner.

Secondly, federal law requires SBC to provide loops, including xDSL-capable loops, and subloops to any requesting CLEC. In the *UNE Remand Order*,[41] the Commission affirmed its earlier decision that local loops meet the statutory definition of a UNE, and expanded its definition of a loop "to include all features, functions, and capabilities of the transmission facilities, including dark fiber and attached electronics [excluding DSLAMS]."[42] This requirement includes subloops, that portion of the loop extending from a remote access terminal to the customer's premises, without which carriers cannot "minimize their reliance on the incumbents' facilities" in order to reach customers.[43] According to the SBC Proposal, however, it is unclear that CLECs may access "DLC subloops," for voice services only.[44] The proposal indicates that all loops, whether for DSL services or voice services, will be routed through SBC RTs but does not state whether voice CLECs may obtain subloops extending past the RT. For example, Appendix DLE-DSL states that CLECs may lease a subloop as "a dedicated data only

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[36] *SBC Merger Order* ¶ 357; Merger Conditions at 1.

[37] *Implementation of the Local Competition Provisions of the Telecommunications Act of 1996*, FCC 96-325, 11 FCC Rcd. 15,499, 15,791 ¶ 573 (1996) ("*Local Competition First Report and Order*"). *See also* 47 C.F.R. § 51.321.

[38] SBC Proposal at 2.

[39] SBC Proposal at 2.

[40] *See* SBC Proposal at 2.

[41] *Implementation of the Local Competition Provisions of the Telecommunications Act of 1996*, CC Docket No. 96-98, Third Report and Order and Fourth Notice of Proposed Rulemaking, FCC 99-238 (rel. Nov. 5, 1999) ("*UNE Remand Order*").

[42] *UNE Remand Order* ¶ 167; 47 C.F.R. § 51.319(a)(1).

[43] *UNE Remand Order* ¶ 205; 47 C.F.R. § 51.319(a)(2).

facility."[45] In fact, SBC has indicated that it never considered the impact of Project Pronto on carriers providing integrated voice and data services. This ambiguity must be clarified and, if SBC intends to preclude voice-grade access to its subloops, remedied by the FCC.

Finally, the SBC proposal includes a crucial omission regarding the provision of loop information for purposes of xDSL-capable loop unbundling. The Commission's rules require SBC to provide comprehensive loop make-up information, including length, gauge, and the presence of "accreted" loop devices, in any form in which it is available, including electronic and paper records.[46] This loop make-up information must now be implemented as part of every ILEC's Operations Support Systems ("OSS")[47] and is specifically required of SBC in the *SBC Merger Order*.[48] The SBC proposal omits crucial provisions regarding the provisioning of this information, causing concern among DSL providers that SBC will not provide timely access to loop make-up data in the new DLE network.[49] In addition, the SBC Proposal states that "[a] design layout record (DLR) will not be offered in conjunction with this DLE offering."[50] These DLRs, which SBC is legally required to provide on request,[51] are paper records of loop plant make-up and are often the only means of determining the physical characteristics of a loop. SBC's proposal, in refusing to provide DLR access, again fails to comply with Commission rules.

The Commission should closely examine the SBC proposal with respect to these deficiencies. As has been discussed, federal obligations bind all SBC action and initiatives and cannot be evaded by virtue of network upgrades. ALTS urges the Commission to determine whether the proposal comports with the procompetitive principles of the 1996 Act and FCC rules and, if not, to amend the proposal or impose additional restrictions accordingly.

D. It Is Unclear Whether SBC Must Own and Control Line Cards

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[44] SBC Proposal, Appendix DLE-DSL § 6.1; Attachment B at 20.

[45] *Id.* § 7.1

[46] *UNE Remand Order* ¶ 427; 47 C.F.R. § 51.5. *See also Local Competition First Report and Order* ¶¶ 518, 523; *Deployment of Wireline Services Offering Advanced Telecommunications Capability*, Memorandum Opinion and Order and Notice *of Proposed Rulemaking*, CC Docket No. 98-147, FCC 98-188 ¶ 56 (rel. Aug. 7, 1998).

[47] *E.g., UNE Remand Order* ¶ 427.

[48] *SBC Merger Order* ¶¶ 381-383; Merger Conditions ¶¶ 15-17.

[49] Appendix DLE-DSL states that "[l]oop qualification will be offered as described in Appendix DSL to this agreement" but does not contain any such description itself. SBC Proposal, Appendix DLE-DSL § 3.3. To ALTS' knowledge, SBC did not provide an "Appendix DSL."

[50] *Id.* § 6.6.

[51] *UNE Remand Order* ¶ 427.

SBC seeks to retain ownership and control of all line cards that will be used for interconnecting to its RTs. These line cards may be used for both voice and advanced services and therefore fall within the "mixed use" category of network equipment that the SBC parent need not transfer to its affiliates.[52] SBC believes that "incumbent LEC ownership of the combination plugs/cards is in the best interests of all parties."[53] For this reason, SBC proposes that line cards be purchased by CLECs under individual interconnection agreements.[54]

The line cards that SBC intends to use, however, are a commercially available Alcatel technology that any CLEC may obtain and install. In fact, CLECs may prefer to self-provision line cards as they presently do DSLAMS, because it allows them greater control over their facilities and an opportunity to seek competitive prices, if possible. For, as with all network element provisioning, the doling out of line cards by SBC has the potential for additional delay, and certainly additional cost, that may be better avoided altogether. The Commission therefore should consider whether SBC's proposal to lease line cards is necessary in the first instance, and whether a competitive environment would benefit from this system.

E. Waivers Are a Necessary But Second-Order Solution to Ensure that SBC Complies With All Federal Requirements in Administering the Local Network

As has been discussed, OCDs appear to qualify as equipment used solely for the provision of advanced services which, according to the *SBC Merger Order,* must be owned by the SBC affiliate. Due to the CLEC concerns mentioned in the SBC proposal, as well as the concerns of ALTS members, ALTS supports the grant of a waiver because it will require the SBC parent company to retain ownership of all OCDs and provide access to them in accordance with federal law. ALTS emphasizes, however, that waivers of the Merger Conditions are an extraordinary measure taken solely for the furtherance of telecommunications competition and should not become a common request from SBC.

It bears mentioning that the Merger Conditions, adopted in October 1999, represent a voluntary commitment from SBC and Ameritech to safeguard competition. SBC contributed significantly to the drafting of the conditions in their several iterations. That SBC now, only months later, seeks a waiver of its voluntary Merger Conditions is curious. Further, Project Pronto is an initiative that seems to have begun last year during the pendency of the merger, yet SBC just recently contacted the FCC to discuss DLE network ownership issues. Revisiting the Merger Conditions so soon for consideration of waivers seems a duplicative effort for both the Commission and

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[52] *See SBC Merger Order*, Merger Conditions ¶ 3(d).

[53] SBC Proposal at 4.

interested CLECs. In addition, the outcome of this proceeding speaks not only to SBC, but to the future conduct of Bell Atlantic-New York as it complies with the conditions it accepted in order to receive Section 271 interLATA relief. Finally, by granting SBC a waiver of ownership restrictions, another key merger condition is evaded: the requirement that all SBC affiliates collocate advanced services equipment under precisely the same rates, terms, and conditions as all other CLECs.[55] With this waiver, SBC affiliates will have use of OCDs — installed primarily for their benefit — without waiting in line for collocation and operating under SBC space provisioning practices.

ALTS is therefore reluctant to create a precedent of granting waivers of the conditions. Given the predicament that Project Pronto has placed the CLEC community in, however, ALTS agrees that granting SBC a limited waiver of the Merger Conditions is warranted in order that SBC may retain ownership of OCDs. This waiver should be given on three express conditions: (1) that SBC permit CLECs access to the OCD at nondiscriminatory rates, terms and conditions; (2) that SBC's advanced services affiliate may access the OCD only according to the same terms that are offered to CLECs and that are published in all SBC-affiliate interconnection agreements; and (3) that further waiver requests are to be reserved for extraordinary circumstances and only where necessary to protect competition in local telecommunications services.

Under these conditions, a Commission waiver will further competition and customer choice in accordance with Congress's mandate in the 1996 Act. The Commission should issue SBC a waiver for ownership of OCDs only with these explicit limitations.

II. REGARDLESS OF WHETHER THE FCC ACCEPTS SBC's DLE ARCHITECTURE PROPOSAL, IT MUST ENGAGE IN RIGOROUS ENFORCEMENT TO ENSURE THAT SBC COMPLIES WITH ALL FEDERAL ILEC OBLIGATIONS

SBC cannot revert to the pre-1996 Act monopoly environment by implementing Project Pronto. As rigorous as the FCC has been in adopting the several procompetitive rules discussed herein, it should remain equally rigorous in enforcing its rules when faced with this and similar ILEC initiatives. Therefore, regardless of its decision as to the proprietary of a waiver, the Commission should make clear that all existing and future Commission rules governing collocation, loops and spectrum management apply to SBC and must be maintained.

A. The Commission Must Ensure That Every Effort is Made to Provide Collocation at All SBC Remote Terminals

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[54] SBC Proposal, Appendix DLE-DSL § 2.7.

[55] All SBC affiliates must obtain all interconnection facilities, including collocation, according to the terms and conditions negotiated in publicly-filed interconnection agreements. *SBC Merger Order*, Merger Conditions ¶¶ 3(c), 5.

SBC must comply with all collocation obligations throughout its network, including all areas of its forthcoming DLE network. Commission rules, issued pursuant to Section 251(c)(6) of the 1996 Act,[56] require SBC to provide collocation at nondiscriminatory rates, terms and conditions.[57] These rules further require SBC to impose only cost-based, TELRIC rates for collocation facilities[58] and to provision collocation space in a first-come, first-served timely manner.[59] These rules extend to all SBC RTs and ensure the rights of all CLECs, whether voice providers or DSL carriers. ALTS urges the Commission to ensure that the rates, terms and conditions imposed by SBC for interconnection to the DLE network adhere to federal cost-based, nondiscriminatory principles.

The SBC proposal implies that SBC's decision to install increasingly small cabinet-sized RTs is both proper and a grounds for *de facto* excusal from federal collocation obligations. As ALTS has demonstrated, however, the FCC is the entity authorized to make such determinations. It would be an unfortunate result if Congress's mandate for nondiscriminatory access to collocation facilities could be vetoed by SBC's, or any ILEC's, decision to install network facilities in spaces not fit for collocation. The FCC should examine this possibility in its review of the SBC proposal and ensure that this result does not occur.

The FCC should reaffirm SBC's obligations under these rules and continue to monitor SBC's compliance going forward.

B. SBC Must Adhere to the FCC's Several Orders Requiring the Nondiscriminatory Provisioning of Loops, Subloops and Loop Information

As demonstrated in Section I.C. above, the Commission has issued several clear rules requiring SBC to provide both voice-grade and xDSL-capable loops, subloops and loop make-up information to all CLECs. Nonetheless, the SBC proposal includes several ambiguities and omissions that suggest SBC's unwillingness to comply with these requirements in the course of building and administering its DLE network. This ambiguity warrants reaffirmation of SBC's obligations to comport with these requirements, regardless of the network architecture it chooses. Absent such an explicit statement, any FCC ruling in this proceeding will tacitly suggest that ILECs may evade the 1996 Act simply by upgrading their networks. In order not to "turn back the clock" on competition, the Commission must emphasize, as it did in the Merger Conditions themselves, that it will monitor

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[56] 47 U.S.C. § 251(c)(6).

[57] *Advanced Services First Report and Order*, 11 FCC Rcd. at 15,862-70 ¶¶ 570-581; *Advanced Services First Report and Order* ¶¶ 20-24.

[58] *Local Competition First Report and Order*, 11 FCC Rcd. at 15,816 ¶ 629.

[59] *Id.*, 11 FCC Rcd. at 15,797 ¶ 585.

and vigorously enforce SBC's continued compliance with all loop, subloop and loop information provisioning requirements.

Specifically, the Commission should review SBC's recently proposed pricing structure,[60] to ensure that CLECs do not pay inflated rates for existing UNE loops and subloops. More importantly, the FCC should review the pricing structure to ensure that CLECs are not forced to lease redundant or superfluous facilities that will needlessly increase the cost and complexity of the local network. Such Commission oversight is both necessary and proper in the context of its Project Pronto review, because, as has been demonstrated, the 1996 Act empowers it to protect and further competition even as the local network evolves. ALTS urges the Commission to exercise this authority and monitor SBC's unbundling proposal for the DLE network.

C. SBC Must Demonstrate the Manner in Which It Will Comply with the Commission's Spectrum Management Rules

The SBC proposal includes two serious flaws regarding spectrum management. First, the proposal limits advanced services deployment to only 1.5/384 ADSL, in violation of the *Advanced Services First Report and Order* and general principles of innovative technological deployment. Secondly, the proposal does not include the specific technical standards applicable to CLEC advanced services transmitted over the SBC DLE network. The Commission should require SBC to clarify these issues to the extent possible and, if necessary, require SBC to amend its proposal in order not to limit unlawfully the types of services CLECs may deploy.

SBC provides a Bona Fide Request ("BFR") process for CLECs seeking to deploy alternative xDSL technologies[61] but this provision cannot cure the key deficiencies in SBC's proposal. According to the experience of many CLECs, the BFR process is lengthy, unlikely to yield positive results, and often results in element prices that are inflated greatly above cost. More importantly, the FCC's rules do not permit ILECs to consider alternative advanced services technologies via the cumbersome BFR process. Rather, any technology meeting the three-pronged test of the *Advanced Services First Report and Order* is presumed acceptable for deployment and can only be prohibited with an affirmative demonstration to a State Commission of competent jurisdiction that the deployment is likely to harm existing services. Specifically, in order to prevent CLECs from deploying SDSL, HDSL, and IDSL, SBC must show that: (1) neither the FCC nor any State Commission has approved the technology

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[60] *See* Attachment at 28.

[61] SBC Proposal, Appendix DLE-DSL § 3.4.

for deployment (each of these technologies has already received Commission approval)[62]; (2) the technology has not received a Power Spectral Density mask from Committee T1E1.4; and (3) the technology has not been successfully deployed without significantly degrading existing network services.[63] SBC has not even attempted to make this showing in the context of its proposal, nor could it make this showing according to established Commission rules and industry standards.

The Commission should examine with profound skepticism SBC's decision to permit only ADSL technology for the DLE network. If the cause of SBC's decision proves to be the Alcatel Litespan 2000 technology that SBC will deploy in the RTs, the Commission should consider whether the 1996 Act permits SBC to make such a unilateral technological decision having such grave competitive consequences. In addition, the FCC should examine the technical capabilities of SBC's chosen technology, as ALTS has learned that Alcatel Litespan 2000 may actually be compatible with HDSL and SDSL services. Thus, the Commission should inquire as to SBC's reason for limiting all carriers to ADSL technology for the DLE network.

This inquiry is all the more crucial, considering that SBC will not only limit its own services to ADSL but will *de facto* prevent any other carrier in its 13-state region from doing otherwise. Consumers will ultimately be the losers in this scenario. The Commission therefore should review the SBC proposal in accordance with its statutory mandate to safeguard the public interest, convenience and necessity and ensure that broad and varied deployment of innovative advanced services continues, even under Project Pronto. ALTS suggests that the price of ILEC deployment of ADSL should not be the effective elimination of facilities-based DSL competition and the restriction of consumer choice to the DSL technologies and services unilaterally selected by the ILEC itself.

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[62] *Line Sharing Order* ¶ 200 n.195.

[63] *Advanced Services First Report and Order* ¶ 67; 47 C.F.R. § 51.230.

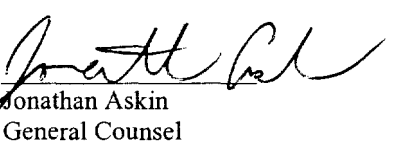
CONCLUSION

For all these reasons, ALTS respectfully requests that the Commission:

- Initiate a separate public proceeding, including a public forum, to discuss all potential anticompetitive consequences of the SBC proposal and examine equitable regulatory and technical solutions to these issues;
- Reaffirm SBC's obligations to provide UNEs and interconnection on a nondiscriminatory basis pursuant to Section 252 and the Commission's several orders implementing that section;
- Monitor SBC's deployment and administration of Project Pronto to ensure compliance with Section 252 and the development of an open network architecture consistent with fair opportunities for facilities-based competition;
- Grant relief to SBC from the Merger Conditions only insofar as it will permit its ILECs to retain control of OCDs in order that they may provide access to all CLECs, including its affiliates, at nondiscriminatory rates, terms and conditions;
- Conclude that it is unnecessary for SBC to retain control of line cards and that therefore no waiver is warranted;
- Hold that CLECs may self-provision compatible line cards for purposes of interconnecting with SBC's DLE network; and
- Ensure that SBC will comport with all Commission rules protecting the competitive deployment of advanced services technologies.

Respectfully submitted,

THE ASSOCIATION FOR LOCAL
TELECOMMUNICATIONS SERVICES

By: 

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Dated: March 3, 2000

ATTACHMENT

"Project Pronto Product Overview"

Presented to CLECs March 1, 2000

PROJECT PRONTO
PRODUCT OVERVIEW

March 1, 2000

One Bell Plaza

Concourse Auditorium

PRONTO: PRODUCT OVERVIEW
INTRODUCTION

- **SBC REQUEST FOR INTERPRETATION OF MERGER CONDITIONS:** SBC recently has requested an interpretation of merger conditions by the FCC in regards to the Project PRONTO infrastructure deployment within SBC.

- **MEETING PURPOSE:** The purpose of this discussion is to outline to the CLEC community the new products that the SBC ILECs are developing in conjunction with the PRONTO infrastructure and in order to explain the logic behind SBC's request for interpretation of merger conditions.

- **ASSUMPTIONS:** The products outline in this presentation are based upon the assumption that SBC receives the interpretation of the merger conditions allowing SBC to own both the OCD and the ADLU (DSL line card) in the remote terminal. Both of these elements will be explained in detail in this presentation.

PRONTO: PRODUCT OVERVIEW
INTRODUCTION

- **PROJECT PRONTO:** PROJECT PRONTO is designed to increase the reach of xDSL services to end users throughout the SBC 13-state region. This project consists of the placement of digital loop carrier (DLC) systems in new and existing remote terminals. This serves to shorten loop lengths, limit the impacts of loop conditioning and increase the availability of DSL service to consumers.

- **UNBUNDLING PLAN:** The PROJECT PRONTO unbundling plan is a work effort within the Wholesale Marketing division of SBC to provide unbundled access to the infrastructure being deployed under PROJECT PRONTO. The infrastructure itself will belong to the SBC TELCOs and will be provided on a leased basis to CLECs interested in providing DSL services over this infrastructure.

- **DLE:** PROJECT PRONTO is typically referred to within SBC as the Digital Loop Electronics environment or "DLE".

PRONTO: PRODUCT OVERVIEW

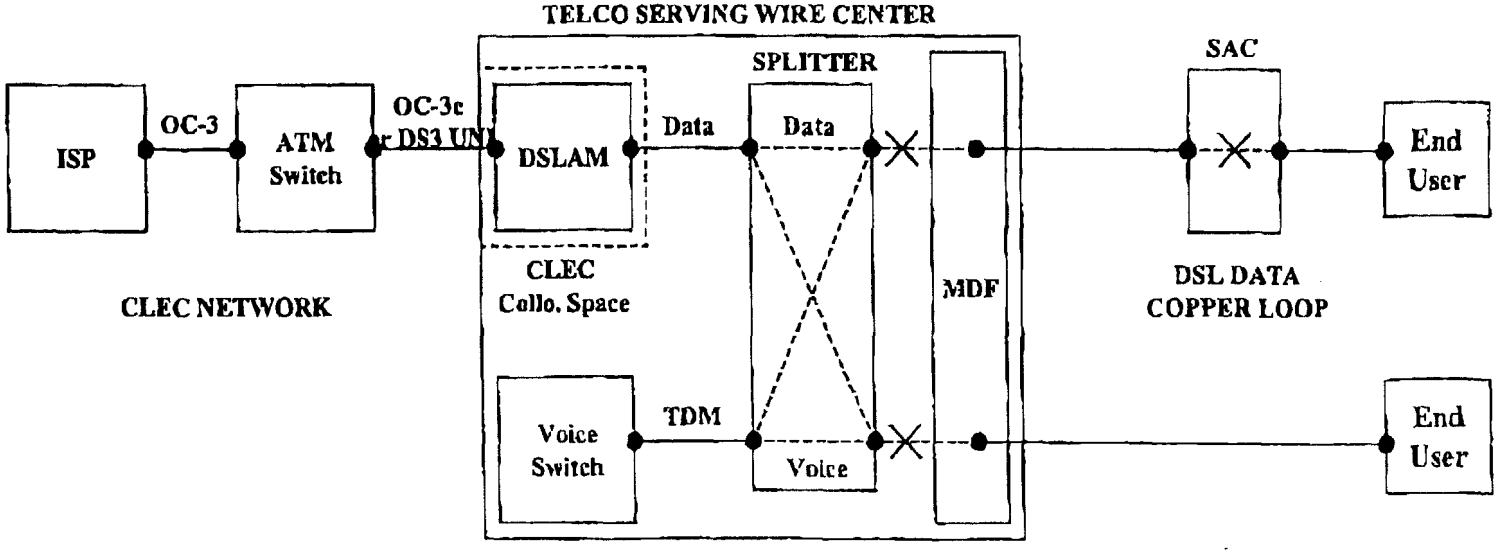
INFRASTRUCTURE

PRONTO: PRODUCT OVERVIEW

NON-DLE INFRASTRUCTURE

- **DEFINED BY THE FOLLOWING:**
  - Traditional DSL environment
  - Central office based DSLAMS
  - UNE xDSL capable loops

- **HIGH LEVEL DIAGRAM:**



PRONTO: PRODUCT OVERVIEW

NON-DLE INFRASTRUCTURE

- **LIMITATION OF NON-DLE INFRASTRUCTURE**
  - Availability of DSL service is limited by loop length and conditioning

- **SOLUTIONS TO LOOP LENGTH AND CONDITIONING LIMITATIONS IN NON-DLE ENVIRONMENT**
  - Shorten loop lengths by placing DSLAMS in the remote terminals
  - Requires collocation of DSL equipment in new and existing CEVs and Huts if space and environmental capacity is available.
  - Requires dark fiber from Serving Wire Centers to the remote terminals where available.
  - Requires collocation of DSL equipment in the serving wire center.

- **ALTERNATIVE SOLUTION:** DIGITAL LOOP ELECTRONICS (DLE)

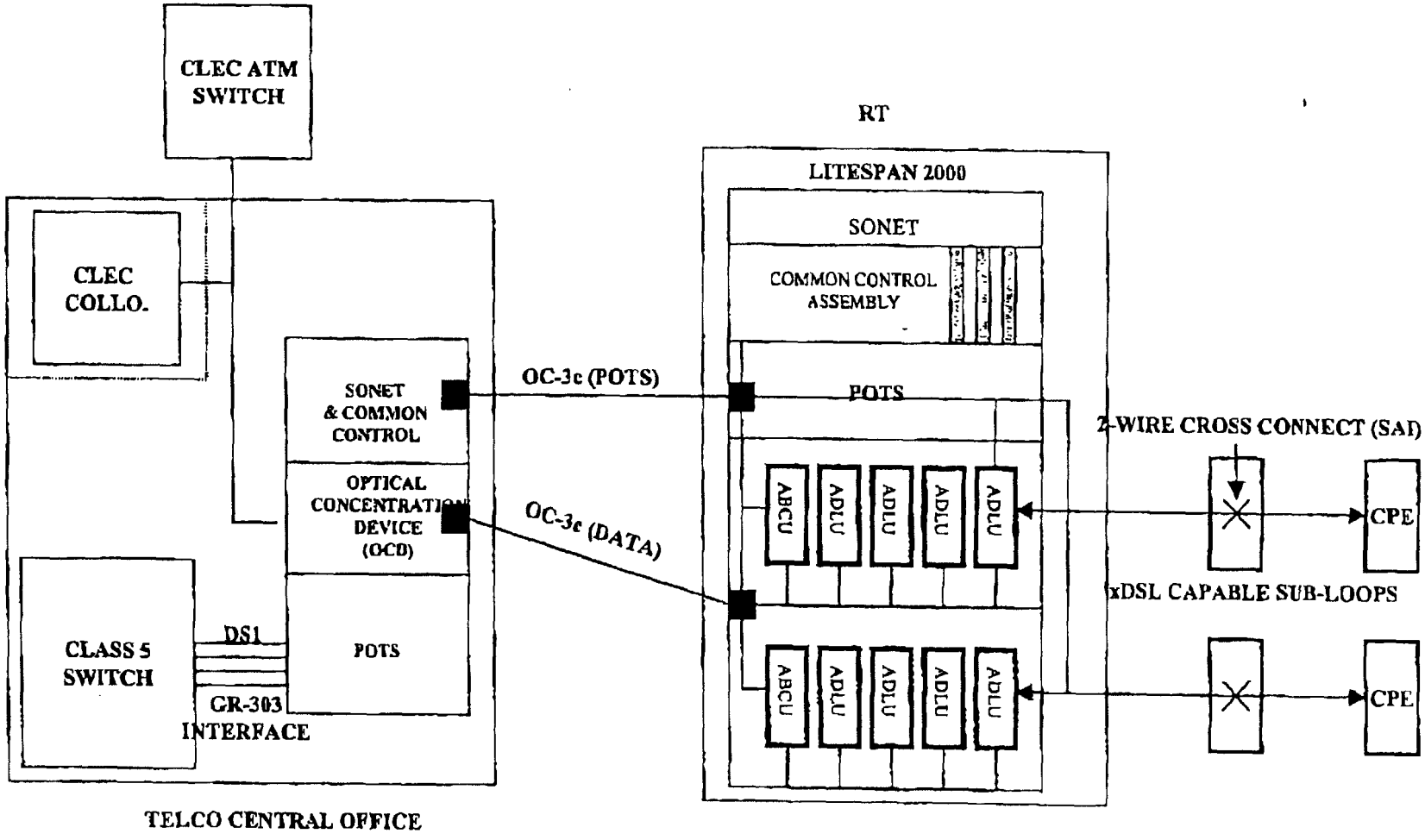
PRONTO: PRODUCT OVERVIEW

DLE - INFRASTRUCTURE

- **ELEMENTS NECESSARY TO PROVISION xDSL- DLE:**
  - Remote Terminal Equipped with Digital Loop Carrier (DLC) Systems.
  - Remote Terminal Combo Cards (ADLU) to Provide DSLAM Functionality
  - Remote Terminal (RT) Derived UNE Sub-Loops
  - DLC Central Office Terminal Equipment
  - Dedicated OC-3c Transport for Voice and Data from the RT to the Central Office
  - An Optical Concentrator Device (OCD) for Inbound Data Traffic
  - Access to ATM Capacity Via Interoffice Facilities

PRONTO: PRODUCT OVERVIEW

DLE - INFRASTRUCTURE



PRONTO: PRODUCT OVERVIEW
DLE - INFRASTRUCTURE DEFINTIONS

- **OPTICAL CONCENTRATION DEVICE (OCD)**

  - Optical concentration device (OCD) is a generic term for a device that takes a group of incoming OC3s from multiple remote terminals or DSLAMS and then concentrates the signals into one or more outgoing OC3s.

  - The OCD cross-connect will take incoming ATM packets from multiple OC-3s and multiple remote terminals, depacketize these incoming OC-3s, read the routing information on individual groups of packets and then concentrate (re-packetize) these packets into outgoing OC-3s designated to a particular ATM switch.

- **ADLU COMMON CARD**

  - The ADLU splits the voice from data and provides an functionality similar to a DSLAM.

PRONTO: PRODUCT OVERVIEW
DLE - INFRASTRUCTURE DEFINTIONS

- **OC-3C DATA TRANSPORT**

  - Transmits dedicated OC-3c Data from the DLC to the OCD over common OC-3c fiber.

  - The OC-3c facility will be designed to take multiple packetized data signals outgoing from the ADLU cards placed in the DLC channel banks in a remote terminal, multiplex those packets into a packetized OC-3c signal, and then transport the signal to the OCD.

  - The OC-3c data will transport signals from multiple ADLU cards between the remote terminal and the central office.

  - The OC-3c transport will be similar to common transport in that it will transport packets pertaining to multiple CLECs and multiple end users over one facility.

PRONTO: PRODUCT OVERVIEW
DLE - INFRASTRUCTURE DEFINTIONS

- **PERMANENT VIRTUAL CIRCUITS (PVC)**

  - A Permanent Virtual Circuit (PVC) will be necessary from the Litespan equipment in the RT through the OCD device (CBX-500) in the Central Office to the CLEC packet switch.

  - The PVC will consist of a virtual cross-connect placed in the DLC equipment and of an additional virtual cross-connect placed in the OCD.

  - In addition to the virtual cross connects, the PVC will also consist of use of the OC-3c facility and fiber cross-connect between OCD and the RT.

  - An Unspecified Bit Rate (UBR) PVC will be provided to CLECs in conjunction with the use of the OC-3c transport from the RT to the central office.

PRONTO: PRODUCT OVERVIEW
DLE - INFRASTRUCTURE DEFINTIONS

- **OCD PORT TERMINATION**
  - Physical Termination on OCD (CBX-500 ATM Switch) in the Central Office

- **OCD CROSS-CONNECT**
  - A cross-connect will be necessary to the CLECs collocation point from the OCD Port Termination. This will be to either physical or virtual collocation. This cross-connect will be offered from the OCD Port Termination at either the OC-3c or DS3 level. An additional cross-connect can be made to extend the OCD Port Termination to a DSX location in order for the CLEC to pick up their desired form of transport.

PRONTO: PRODUCT OVERVIEW

DLE - SBC REQUEST FOR INTREPRETATION OF MERGER CONDITIONS

PRONTO: PRODUCT OVERVIEW

DLE - SBC REQUEST FOR INTREPRETATION OF MERGER CONDITIONS

- **WHY HAS SBC REQUESTED AN INTERPRETATION OF MERGER CONDITIONS?**
  - SBC has requested an interpretation of the Ameritech merger conditions to allow the SBC TELCO's to own some elements of the DLE infrastructure that have been defined in the merger conditions as advanced services equipment. Those elements are the OCD and the ADLU line card.

- **PROPOSALS CONSIDERED**
  - Prior to SBC issuing the request for interpretation, SBC considered three (3) alternatives in relation to the ADLU line card:

  - **PROPOSAL #1**: CLEC Owns the ADLU Card and Ships the Card to the TELCO for Placement in Remote Terminals
  - **PROPOSAL #2:** CLEC Owns Equivalent Plug (Port Level) / TELCO Maintains (ADSL Plug Sharing)
  - **PROPOSAL #3:** TELCO Owns the ADLU Card and Provisions the Card on Behalf of CLECs as Part of the DLE Unbundled Network Elements.

PRONTO: PRODUCT OVERVIEW
IMPLICATIONS FOR CLECs

- **PROPOSAL #1 (CLEC OWNS THE CARD/TELCO PLACEMENT)**

  - **PRO:**
  - CLEC Would Control Capacity / Utilization For Cards by RT
  - CLEC Would Have the Capability to Develop New Features For Their Cards
  - Non-Discriminatory Access Via UNE

  - **CON:**
  - Stranded Capacity (4 Ports per Card, CLEC may on the outset be only using 1 port)
  - Limits ADSL Availability in the Remote Terminal Due to Capacity Issue Above.
  - CLEC is required to invest in ADLU Cards and Develop Process to Provide Those Cards to the TELCO.
  - Tax Implications For CLECs to Maintain an Inventory of Cards.
  - Vendor Contracts Would Be Required Between Each Card Vendor and the CLEC.
  - CLEC Ownership Would Lead to a Complex and Expensive Provisioning Process Which Will Lead to a Higher Cost per DSL Loop.

PRONTO: PRODUCT OVERVIEW
IMPLICATIONS FOR CLECs

- **PROPOSAL #3 (TELCO ADLU CARD OWNERSHIP)**

  - **PRO:**
  - Non-Discriminatory Via UNE
  - CLEC Forecasts Demand
  - Mitigates Stranded Capacity Concerns
  - CLEC Development of New Feature/Card & Facilitates Testing Process
  - Maximizes Space By Allocating Ports as Compared to Slots
  - CLEC Vendor Contracts Are Not Required
  - CLEC Has No Investment Expense
  - Process for CLECs to Provide Cards to the TELCO is Not Necessary - Reduces Costs and Shortens Provisioning Intervals.

  - **CON:**
  - Requires Merger Conditions Interpretation.
  - TELCO Bears Risk/Burden Of ADLU Card Cost and Administration

PRONTO: PRODUCT OVERVIEW
IMPLICATIONS FOR CLECs

- **CLEC CAPABILITIES UNDER PROPOSAL #3:**

  - SBC will unbundle access to the network elements as defined by the DLE infrastructure. This will relieve space limitation problems of having to collocate in remote terminals.
  - CLECs will have the option of collocation as a means of access to the unbundled elements to utilize some form of facility to gain access to these unbundled elements.
  - CLECs will continue to have the option to collocate DSL equipment in new and existing cabinets, CEVs and huts if space and environmental capacity is available.
  - CLECs will continue to have the option to develop new plug-ins with vendors if technically compatible to SBC equipment deployed over the DLE infrastructure.
  - CLECs can purchase the DLE UNEs on a non-discriminatory basis.
  - CLECs will avoid administrative costs associated with plug-in or port ownership.

PRONTO: PRODUCT OVERVIEW

UNBUNDLING PLAN

PRONTO: PRODUCT OVERVIEW
UNBUNDLING PLAN

- **ASSUMPTIONS:** The following outlines the PRONTO Unbundling plan based upon the following assumption:

  - TELCO Owns the ADLU Card

- **SCENARIOS:** The TELCO will offer unbundled network elements in conjunction with two typical scenarios differentiated over the copper portion of DLE infrastructure:

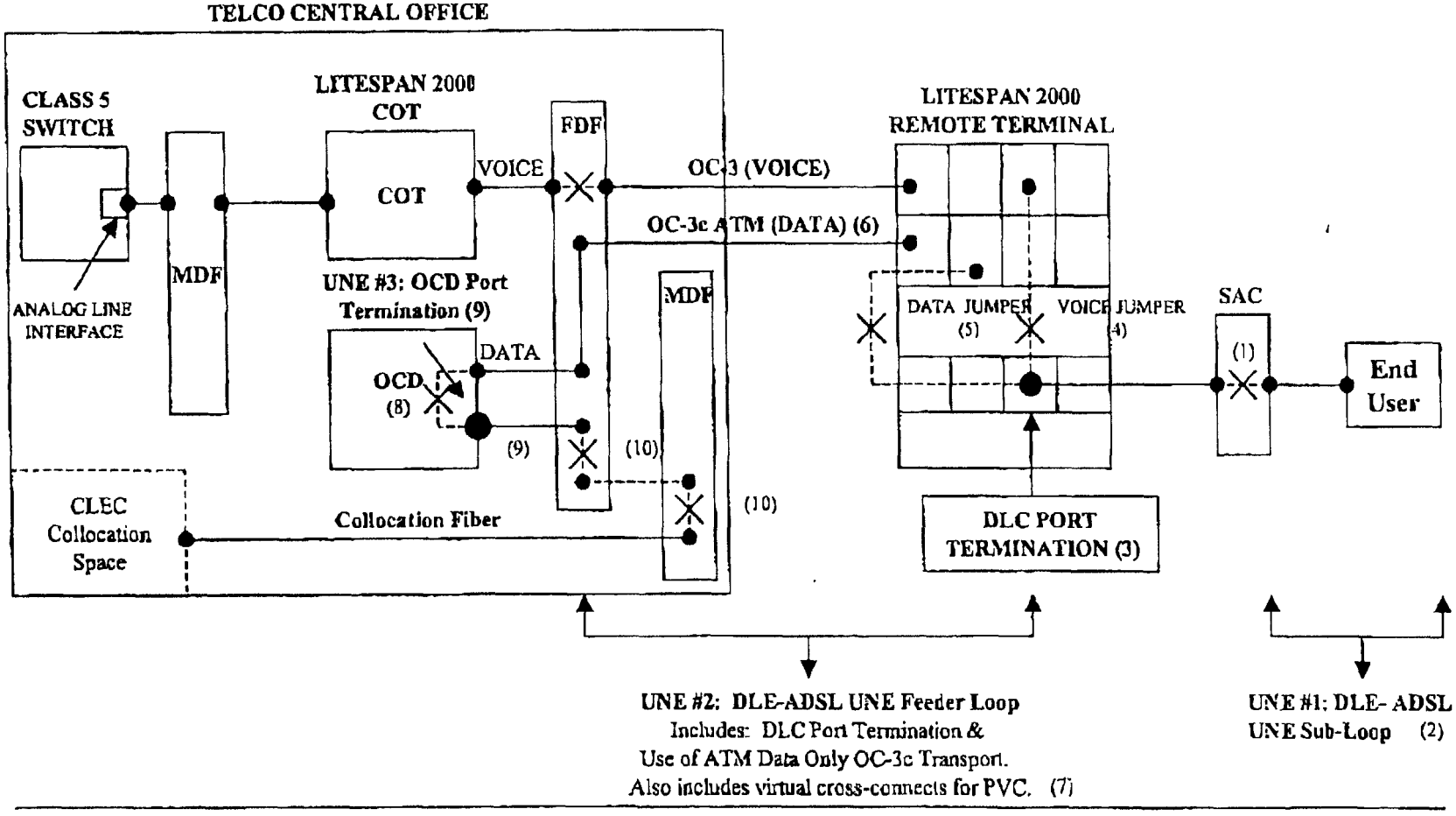
  - **Line Shared** - The TELCO will offer a set of UNEs specific to line sharing allowing CLECs who desire to line share over the copper portion of this infrastructure to provision such service.

  - **Data Only** - The TELCO will also offer a non-line shared, dedicated data facility.

- **xDSL PRODUCTS SUPPORTED:**
  - At this time the PRONTO infrastructure will support all forms of xDSL as specified by the DSL appendix. In such instance as the CLEC is line shared, CLEC will be limited to PSD Mask #5 (ADSL) as specified in the line sharing order. For the data only loop, CLECs will have PSD Mask #1 - 7 available over this infrastructure.

PRONTO: PRODUCT OVERVIEW

UNE DIAGRAM



(1) DLE ADSL SAC Cross Connect

(2) UNE DLE-ADSL HFPSL

(3) DLC Port Termination

(4) DLC Virtual Circuit - Voice

(5) DLC Virtual Circuit - Data

(6) OC-3c Dedicated for Data

(7) UNE DLE-ADSL Feeder

(8) OCD Virtual Cross Connect

(9) UNE OCD Port Termination (OC-3 or DS3)

(10) OCD Cross-Connect to Collocation (or UDT)

PRONTO: PRODUCT OVERVIEW

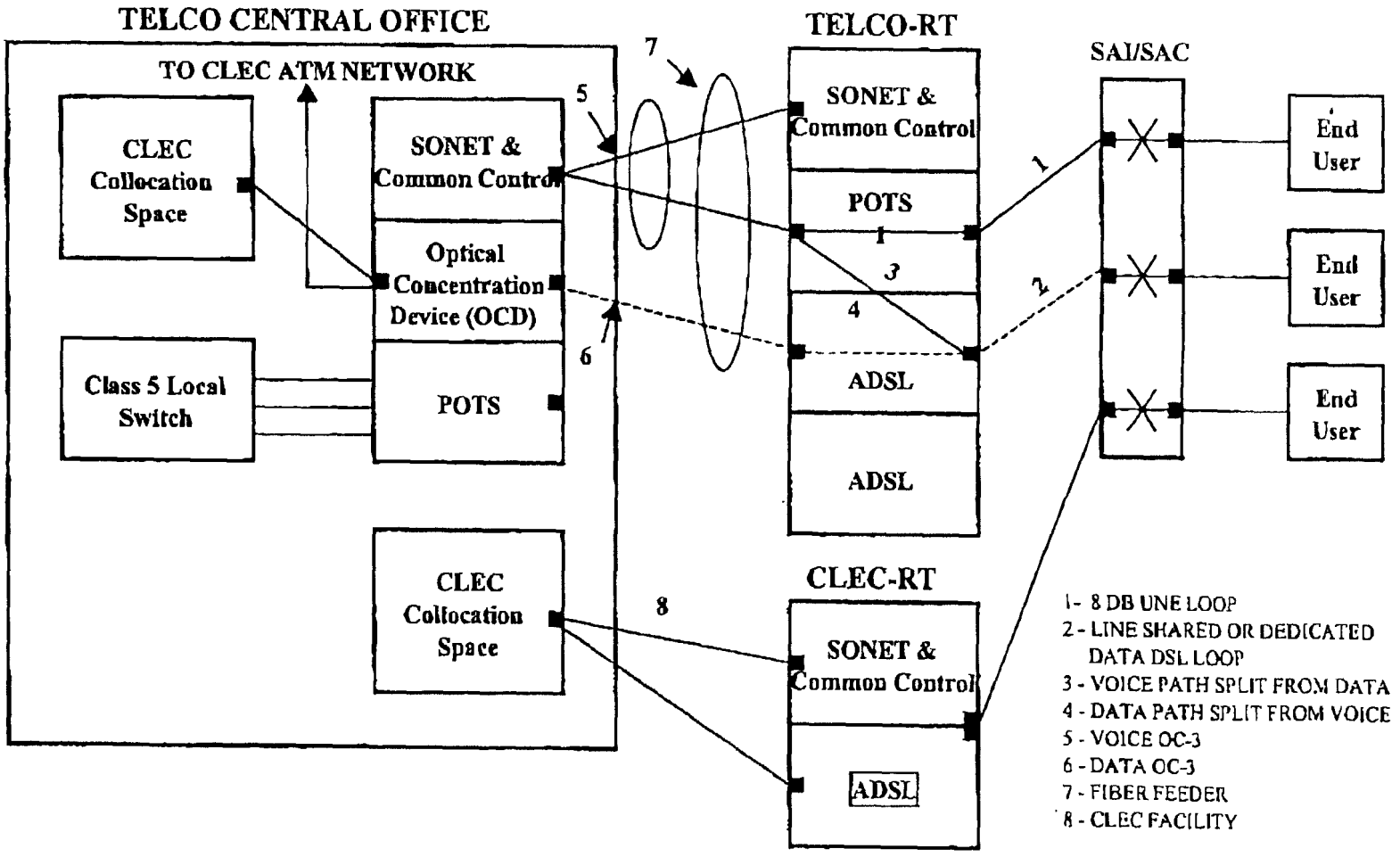
PRONTO UNEs

- **LINE SHARED ELEMENTS:**
  - UNE DLE-ADSL HFPSL
  - UNE DLE-ADSL Feeder
  - UNE OCD Port Termination (OC-3 or DS3)
  - CROSS CONNECTS:
    - DLE ADSL Cross-Connect
    - OCD Cross-Connect to Collocation
    - OCD Cross-Connect to DSX-1

- **DATA ONLY ELEMENTS:**
  - UNE DLE-ADSL Sub-Loop (DATA ONLY)
  - All Other Elements Are Identical To Line Sharing

PRONTO: PRODUCT OVERVIEW

PRONTO UNBUNDLING SCENARIOS



PRONTO: PRODUCT OVERVIEW

HIGH LEVEL SERVICE ORDER FLOWS & BUSINESS REQUIREMENTS

PRONTO: PRODUCT OVERVIEW
HIGH LEVEL ORDER FLOWS

- **STEP 1: INFRASTRUCTURE BUILD**
  - The PRONTO UNEs are divided into two sub-groups: Infrastructure and End User Specific
  - The Infrastructure Elements Consist of the Following: The OCD Port Termination, existing Unbundled Dedicated Transport (UDT) and associated cross-connects.
  - CLECs must establish infrastructure from their ATM cloud to the serving wire center OCD **PRIOR** to placing end user service orders.
  - CLECs will be provided via network disclosure central office and RT locations that are equipped with the DLE infrastructure.

- **INFRASTRUCTURE SERVICE ORDERS**
  - The infrastructure elements will be ordered via one (1) Access Service Request (ASR).
  - In addition to the ASR, CLECs will be required to submit a Customer Information Form (CIF) for each OCD port they purchase. The CIF will contain information such as Virtual Path and Channel Indicators and Connection Types (UNI DCE or DTE) to the OCD.
  - A DS3 OCD port can support a maximum of 1000 end user DSL PVCs and an OC-3 port can support a maximum of 6000 end user DSL PVCs.

PRONTO: PRODUCT OVERVIEW
HIGH LEVEL ORDER FLOWS

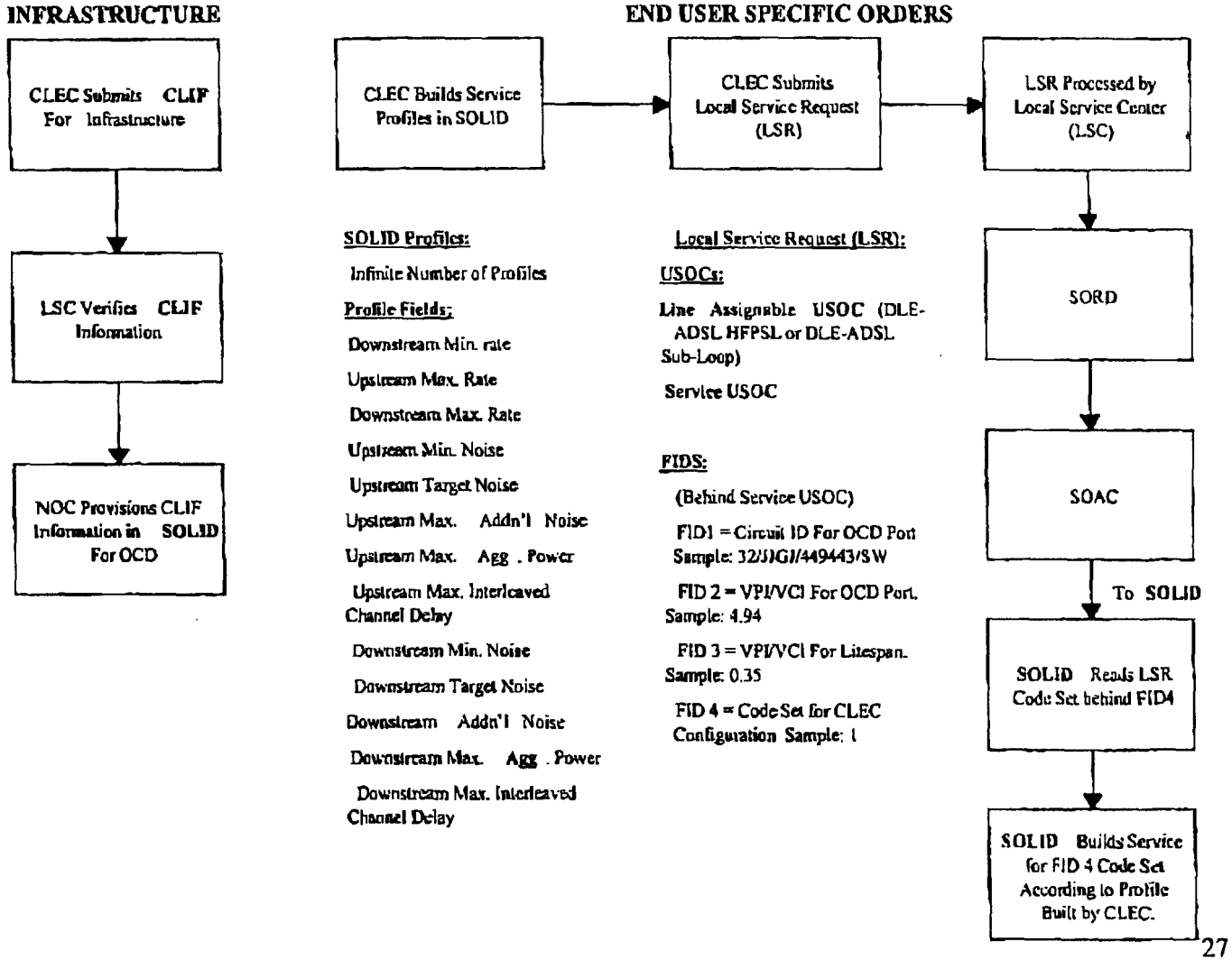
- **STEP 2: END USER SPECIFIC ORDERS**
  - The End User Elements Consist of the Following: The DLE-ADSL Feeder and the DLE-ADSL HFPSL or DLE-ADSL Sub-Loop

- **END USER SERVICE ORDERS**
  - The infrastructure elements will be ordered via one (1) Local Service Request (LSR).
  - In addition to the LSR, CLECs will be required to build a profile of services they wish to offer in the TELCO Network Management Systems for both the OCD and the Digital Loop Carrier equipment in the remote terminal. The profile will allow CLECs flexibility in the services they offer to their end users.

- **LOOP QUALIFICATION**
  - A pre-order loop qualification will be required as a triggering event for ordering the DLE end user service. On a loop qual for either a TN or customer address, the loop qual will return that the loop is not DSL capable, but will alert CLECs that a Remote Terminal is available from which to serve the customer and provision a DSL service.

PRONTO: PRODUCT OVERVIEW

HIGH LEVEL ORDER FLOWS



PRONTO: PRODUCT OVERVIEW

UNE RATE STRUCTURE

UNBUNDLED ELEMENTS	RECURRING MONTHLY	NON-RECURRING INITIAL	NON-RECURRING ADDITIONAL
DLE-xDSL HFPSL	Yes	Yes	Yes
DLE-xDSL Sub-Loop	Yes	Yes	Yes
DLE-xDSL Feeder	Yes	Yes	Yes
OCD Port Termination	Yes	Yes	Yes
UDT (OC-3 or DS3)- Existing	Yes	Yes	Yes
Cross-Connects			
OCD Cross-Connect to DSX	Yes	Yes	Yes
OCD Cross-Connect to Collo.	No	Yes	Yes
DLE SAI Cross-Connect	No	Yes	No
Loop Qualification			
Mechanized	No	Yes	No
Non-Mechanized	No	Yes	No

PRONTO: PRODUCT OVERVIEW
BUSINESS REQUIREMENTS & PRODUCT AVAILABILITY

- **BUSINESS REQUIREMENTS**
  - Business requirements including LSR/ASR service order exhibits are not available at this time but are expected to be release in the near future.

- **PRODUCT AVAILABILITY DATE**
  - The DLE UNEs as outlined in this presentation are expected to be made available in the late April- early May time frame dependant upon product development efforts.

- **CONTRACT LANGUAGE**
  - Draft contract language was provided to the FCC in conjunction with the SBC request for interpretation of merger conditions.

- **NETWORK DISCLOSURES**
  - Network disclosure information is available at the following address:
  - www.sbc.com/PublicAffairs/PublicPolicy/pronto_gateways/Home.html